



Milk Pricing

NEWSLETTER

Serving the California dairy industry for over 9 years

Dairy Marketing Branch, CDFA

January 2010

National Dairy Commodity Prices for Butter and Cheese Slide Downward . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, nonfat dry milk and dry whey, are significant factors in determining the minimum milk price (*See national commodities prices chart on page 2*).

Compared to last month, the national commodity prices for Western Dry Whey and Nonfat Dry Milk increased, however Grade AA Butter and Cheddar Cheese commodity prices decreased, consequently all milk prices decreased: whole milk decreased fifteen and one tenth cents per gallon; reduced fat milk decreased fourteen and two tenths cents per gallon; lowfat milk decreased thirteen and seven tenths cents per gallon; and skim milk decreased ten and six tenths cents per gallon.

Winter weather continues to affect some milk production in many areas across the country and overall U.S. milk production remains steady but less than previous year levels. Dairy product inventories remain higher than levels of this time last year. The holidays are past and the cheese, butter, and nonfat dry milk powder production is not as seasonally affected, with the exception of the upcoming demand for cheese for the Super Bowl weekend.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

Minimum Prices for the Four Types of Fluid Milk by Container Size for February 2010

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$1.416	\$0.708	\$0.354	\$0.177	\$0.118	\$0.088
Reduced Fat 2%	\$1.352	\$0.676	\$0.338	\$0.169	\$0.113	\$0.085
Lowfat 1%	\$1.322	\$0.661	\$0.331	\$0.165	\$0.110	\$0.083
Nonfat (Skim)	\$1.032	\$0.516	\$0.258	\$0.129	\$0.086	\$0.064
Southern California						
Whole	\$1.439	\$0.720	\$0.360	\$0.180	\$0.120	\$0.090
Reduced Fat 2%	\$1.376	\$0.688	\$0.344	\$0.172	\$0.115	\$0.086
Lowfat 1%	\$1.346	\$0.673	\$0.336	\$0.168	\$0.112	\$0.084
Nonfat (Skim)	\$1.056	\$0.528	\$0.264	\$0.132	\$0.088	\$0.066

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	-\$0.151 ↓	-\$0.075 ↓	-\$0.038 ↓	-\$0.019 ↓	-\$0.013 ↓	-\$0.009 ↓
Reduced Fat 2%	-\$0.142 ↓	-\$0.071 ↓	-\$0.035 ↓	-\$0.018 ↓	-\$0.012 ↓	-\$0.009 ↓
Lowfat 1%	-\$0.137 ↓	-\$0.068 ↓	-\$0.034 ↓	-\$0.017 ↓	-\$0.011 ↓	-\$0.009 ↓
Nonfat (Skim)	-\$0.106 ↓	-\$0.053 ↓	-\$0.027 ↓	-\$0.013 ↓	-\$0.009 ↓	-\$0.007 ↓

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
Phone (916) 341-5988; Website: www.cdfa.ca.gov/dairy; email address: dairy@cdfa.ca.gov

Minimum Prices for the Milk Component of Various Manufactured Dairy Products

The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/qt)	Super Premium Ice Cream (\$/1.5qt)* (\$/1.75qt)*		Generic Ice Cream (\$/1.5qt)* (\$/1.75qt)*	
January '09	\$0.21	\$1.15	\$1.35	\$0.44	\$0.51
February	\$0.18	\$0.82	\$0.96	\$0.32	\$0.37
March	\$0.18	\$0.82	\$0.96	\$0.32	\$0.37
April	\$0.17	\$0.79	\$0.93	\$0.31	\$0.36
May	\$0.17	\$0.79	\$0.93	\$0.31	\$0.36
June	\$0.18	\$0.84	\$0.98	\$0.32	\$0.38
July	\$0.18	\$0.84	\$0.98	\$0.32	\$0.38
August	\$0.18	\$0.85	\$0.99	\$0.33	\$0.38
September	\$0.18	\$0.85	\$0.99	\$0.33	\$0.38
October	\$0.19	\$0.87	\$1.02	\$0.34	\$0.39
November	\$0.19	\$0.87	\$1.02	\$0.34	\$0.39
December	\$0.23	\$1.00	\$1.17	\$0.39	\$0.45
January '10	\$0.23	\$1.02	\$1.19	\$0.40	\$0.46

** Prices are based on the new container size instead of 1/2 gallon previously.*

Percentage of Total Fluid Milk Products Sold, by Size of Container October of selected Years, 2004, 2005, 2006, 2007, 2008, 2009

Year	3, 5, 6 Gallon	1 Gallon	1/2 Gallon	Quart	1/3 Quart (10 oz.)	Pint	1/2 Pint & (8 oz. Pouch)	4 oz. (Pouch)	12, 14 oz.	Other
	Percent									
2004	1.02%	69.49%	15.08%	2.52%	0.41%	1.97%	8.82%	0.09%	0.35%	0.26%
2005	1.06%	69.89%	14.99%	2.32%	0.41%	1.70%	9.10%	0.19%	0.35%	0.01%
2006	0.85%	69.66%	15.25%	2.08%	0.40%	1.74%	8.97%	0.09%	0.28%	0.67%
2007	0.91%	67.02%	16.58%	2.12%	0.37%	1.59%	9.70%	0.11%	0.24%	1.37%
2008	0.88%	68.56%	16.67%	2.25%	0.29%	1.68%	9.41%	0.10%	0.14%	0.01%
2009	0.77%	65.90%	21.60%	2.66%	0.19%	0.42%	7.86%	0.09%	0.27%	0.24%

This newsletter can also be found on our website at: www.cdffa.ca.gov/dairy/milkpricing_nl.html

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at dairy@cdffa.ca.gov, or by contacting TDD 1-800-735-0193.

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California Department of Food and Agriculture
Dairy Marketing Branch
1220 N Street
Sacramento, CA 95814



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